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FOREIGN SERVICE DESPATCH

711.5-MSP/4-1659

FROM : American Embassy, BENGHAZI 201
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. April 16, 1959
DATE

REF :

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For Dept. Use Only	ACTION	DEPT.
REC'D 4/24	AF-5	RMR 2 IRC-8 NEA-4 E-7 ICA-11 w/msc-3
	INFO OTHER	C/W3-10 USIA-10 OSD-4 ARMY-4 NAVY-3

SUBJECT: Prime Minister Indicates He Will Encourage Early Conclusion of Necessary USG-GOL Project Agreements.

Because of Libyan procrastination in concluding with USGM representatives necessary project agreements, a good part of the American economic aid program to Libya stands in danger of coming to a halt at the end of the present U.S. fiscal year, with concomitant unemployment and disruption of work in many important fields of the Libyan economy. In his interview with Prime Minister Kubar on April 14 the Ambassador impressed on him the urgency of the situation and requested that he empower a Libyan official to conclude the project agreements (see enclosed Memorandum of Conversation). The Prime Minister replied that, on the return of Permanent Under Secretary of Finance Abd e-Razzag Shaglouf from Tripoli within a few days, he would ask him to make the necessary arrangements leading to a conclusion of the agreements.

Comment: The Embassy suggests that Libyan stalling is attributable to one or more of the following: (1) The Libyan authorities may hope to wait until it becomes clear from negotiations on the financial annexes of the Base Agreement the extent of no strings aid the U.S. Government is willing to provide; with this information at hand they could then negotiate more knowledgeably on economic aid funds. (2) The Libyans possibly could not agree among themselves on what the maximum amount of U.S. economic aid should be and so were reluctant, before they determined this desideratum precisely, to commit any part of the total by signing specific project agreements. (3) Normal Libyan Government inefficiency and bureaucratic foot dragging. (4) The casual attitude evinced toward his duties in recent months by Shaglouf, whose energies have been absorbed by an inordinate devotion to his personal pleasures and involvement in political intrigues.

REVIEWED BY J.M.Raji DATE 5/6/82

For the Ambassador:

H. H. Stackhouse
Second Secretary of Embassy

Enclosure:
Memo of Conversation dated 4/14/58.

CC: Tripoli

HHStackhouse/FKLumly:mavt
REPORTER

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711.5-MSP/4-1659

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MEMORANDUM OF CONVERSATION

DATE: April 14, 1959

SUBJECT: Conclusion of Project Agreements for Current Fiscal Year

PLACE: Prime Minister's Office, Benghazi

PARTICIPANTS: Abd al-Majid Kubar, Prime Minister of Libya
J. Wesley Jones, American Ambassador
H. H. Stackhouse, Second Secretary of Embassy

The Ambassador recalled that various conversations had taken place between him and the Prime Minister during the latter part of 1958 regarding the U.S. economic aid program for Libya for the current fiscal year. The last such conversation was held on December 29. (Embtel 309) Mr. Jones recalled that at that time he had informed the Prime Minister that Mr. Gordon was authorized to negotiate and conclude agreements on continuing economic projects with Sayyed Abd al-Aazzaz Shaglouf. The Ambassador said that up to now there has been no response from the Libyan side and that we have only two and a half months left before the end of the present fiscal year in which to conclude the necessary project agreements. He said that he would be grateful if the Prime Minister would designate an official on the Libyan side to conclude various project agreements comprehended in the American economic aid program in Libya.

At this point, the Prime Minister led the discussion off on a tangent by asking if these project agreements included anything about the Benghazi harbor. The Ambassador, recalling his earlier conversations to this effect, replied in the negative emphasizing that the projects involved were continuing projects, projects which already existed in various fields such as agriculture, health, telecommunications, education, etc. After a further discussion at the Prime Minister's instance of other subjects even farther afield, Mr. Kubar made substantive answer to the Ambassador's remarks by saying that on Mr. Shaglouf's return from Tripoli, within one or two days, he would instruct him to get moving on concluding the necessary project agreements.

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